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COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

December 2, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT
(ALL DISTRICTS AFFECTED - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

(1)	Account Number	H/UCLA - 6317711	\$84,000
(2)	Account Number	H/UCLA - 6429151	\$4,000
(3)	Account Number	H/UCLA - 5956632	\$4,000
(4)	Account Numbers	LAC + USC - 8164250, 8478751, 8356575, 8257557	\$20,130
(5)	Account Numbers	LAC + USC - 8398694, 8895795, 8750843, 8653616, 8570691, 8459888	\$5,000

PURPOSE OF THE RECOMMENDED ACTION:

The compromise offer of settlement for patient accounts (1) - (3) are recommended because the amounts are the highest amounts that could be negotiated with the patients' insurance (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevent further collection from the patients, except for possible beneficiary coinsurance or deductible obligations. The compromise offer of settlement for patient accounts (4) - (5) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amounts the Department will be able to receive under the tort settlements involved in these cases.

JUSTIFICATION:

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

FISCAL IMPACT:

This will expedite the County's recovery of partial payment totaling approximately \$117,130

FINANCING:

Not applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when in the best interest of the County. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

Typically, recoveries in tort settlements are divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and the lawyer.

CONTRACTING PROCESS:

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS to meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:lg (R:\Astecker\CompromiseBrdLtr#26\Letter)

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: December 2, 2004

Total Charges	\$204,842	Account Number	6317711
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$204,842	Date of Service	08/01/04 – 08/16/04
Compromise Amount Offered	\$84,000	% Of Charges	41%
Amount to be Written Off	\$120,842	Facility	H/UCLA Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: December 2, 2004

Total Charges	\$19,071	Account Number	6429151
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$19,071	Dates of Service	08/27/2004-08/28/2004
Compromise Amount Offered	\$4,000	% Of Charges	21% *
Amount to be Written Off	\$15,071	Facility	H/UCLA

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

* The offer, as a percentage of charges, is low due to H/UCLA's surgical surcharge. A physician at H/UCLA reviewed the medical records and agreed with the amount offered for this one day stay.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: December 2, 2004

Total Charges	\$21,339	Account Number	5956632
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$21,339	Dates of Service	01/07/2004-01/08/2004
Compromise Amount Offered	\$4,000	% Of Charges	19% *
Amount to be Written Off	\$17,339	Facility	H/UCLA

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

* The offer, as a percentage of charges, is low due to H/UCLA's surgical surcharge. A physician at H/UCLA reviewed the medical records and agreed with the amount offered for this one day stay.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: December 2, 2004

Total Charges	\$56,688	Account Number	8164250, 8478751, 8356575, 8257257
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$56,688	Date of Service	08/15/02-08/24/02, 09/11/02, 10/09/02, 11/13/02
Compromise Amount Offered	\$20,130	% Of Charges	35.5%
Amount to be Written Off	\$36,558	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in an accident in which his elbow was broken by a gate at a Condominium Complex. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$56,688 for medical services rendered. The patient's third-party claim has been settled for \$50,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Attorney fees *	\$20,000	\$13,727	27.0%
Attorney Cost	\$1,073	\$1,072	2.7%
LAC+USC Medical Center	\$56,688	\$20,130	40.0%
Other Lien Holders	\$1,473	\$1,338	3.3%
Net to Patient		\$13,726	27.0%
Total		\$50,000	100.0%

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.

* The patient's attorney has reduced his fees from 40% to 27%.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: December 2, 2004

Total Charges	\$58,288	Account Number	LAC+USC – 8398694, 8895795, 8750843, 8653616, 8570691, 8459888
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$58,288	Date of Service	10/22/02-10/31/02, 11/08/02, 12/13/02, 01/10/03, 02/07/03, 03/21/03
Compromise Amount Offered	\$5,000	% Of Charges	8.6%
Amount to be Written Off	\$53,288	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$58,288 for medical services rendered. The patient's third-party claim has been settled for \$15,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Attorney fees	\$5,000	\$4,972	33.2%
Attorney Cost	\$331	\$331	2.2%
LAC+USC Medical Center	\$58,288	\$5,000	33.3%
Other Lien Holders and Patient*	\$6,443	4,697	31.3%
Total		\$15,000	100.0%

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.

* The patient's lawyer will keep the balance of the settlement in a trust account until Midway Hospital, which has a lien for \$5,855, accepts a compromise. Any balance left will be given to the patient.